

STAFF REPORT*CITY OF OCEANSIDE*

DATE: May 15, 2013

TO: Honorable Mayor and City Councilmembers

FROM: Development Services Department

SUBJECT: **RESOLUTION OF INTENT TO AMEND THE OCEANSIDE BOULEVARD UNDERGROUND UTILITY DISTRICT**

SYNOPSIS

Staff recommends that the City Council adopt a resolution declaring the City's intention to amend the Oceanside Boulevard Underground Utility District to include Crouch Street and setting the date for the public hearing.

BACKGROUND

On January 21, 2003, the City of Oceanside created the Oceanside Boulevard Underground Utility District to facilitate the removal of overhead utility wires along Oceanside Boulevard between Greenbrier Drive and El Camino Real. As a result, the overhead lines between Crouch Street and Barnwell/Camelot Streets have been placed underground.

Overhead utility lines at these two locations within the boundary of the Underground District are in the queue for undergrounding as funds become available:

- Greenbrier Street to Crouch Street
- Camelot Street to El Camino Real

The concentration of overhead utility lines at the intersection of Crouch Street and Oceanside Boulevard is particularly heavy and unsightly. A commercial office project, Loma Alta Village, appealed a requirement to underground the utilities along Crouch Street between Oceanside Boulevard and Apple Street. The City Council unanimously upheld the appeal on January 23, 2008. As a result, a substitute condition was attached to the project. That condition required the developer to provide an in-lieu payment to assist in the completion of the undergrounding work. At that time, the City initiated the effort for a "20B" project, which is developer or City-funded rather than utility-funded. In that framework, City staff, Sempra Utilities, and the developer had a mutually agreeable solution to complete the undergrounding. However, later in 2008, Sempra's plans to upgrade a nearby substation were postponed, and their decision to permit the pre-placement of underground conduits changed.

At the same time, the economy went into a recession, and the in-lieu payments from Loma Alta Village and other projects did not materialize. Despite these obstacles, City staff is seeking for a way to complete this undergrounding effort to beautify the corridor, which will fulfill the commitment given to the community.

Staff has notified the owners of record of the six affected properties of the proposed City action. Upon approval of the Resolution, the property owners will again be notified. The second notification will be provided in accordance with Chapter 36B of the Municipal Code, and will specify the date, time, and place of the public hearing to amend the Oceanside Boulevard Underground Utility District.

Staff has visited each business tenant to explain the utility undergrounding process and received positive feedback.

ANALYSIS

Utility Undergrounding Basics

The Oceanside Boulevard Underground Utility District is an example of a district formed in conformance with Public Utilities Commission rule 20A. This allows existing overhead utility lines to be placed underground using ratepayer funds held in trust by utility companies for this purpose. The public agency's governing body (Oceanside City Council in this case) is responsible for deciding which locations should be undergrounded first. Public Utilities Commission policy encourages locations of high traffic, high visibility, or aesthetic value to be selected.

The partnering public agency is also responsible to pay for administrative costs for such tasks as public communications, coordination with property owners and business tenants, and inspection and oversight of utility company contractors working in the street right-of-way.

Sempra Utilities directly pays and contracts for all of the construction work necessary to complete the undergrounding. This includes digging trenches in the streets, placing conduits, backfilling trenches, repaving, pulling conductors or cables, bringing the services onto private property, and removing the left-over poles.

Establishing Undergrounding Priorities

Before the Oceanside Boulevard Underground Utility District was created, the City held a workshop on September 13, 2001, to hear recommendations for undergrounding priorities. At that time, the Economic Development Committee (EDC) and a standing sub-committee of the Utilities Commission recommended the Oceanside Boulevard corridor as the next priority.

Underground Contamination

For Crouch Street, Sempra Utilities is unwilling to directly contract the trench work because the adjacent Arco gas station is following a work plan to remediate ground water contamination at 1990 Oceanside Boulevard.

Sempra's concern is not safety-related per se, but the utility believes the City is better equipped to hire the environmental expertise and coordinate with regulatory agencies so that the necessary trench excavation work is done safely.

The work plan for the groundwater remediation of the Arco site was approved by the San Diego County Department of Environmental Health on January 25, 2012. The owner of the Arco gas station property is the "responsible party" in terms of the permit filings with the San Diego County Department of Environmental Health or other agencies.

The area of groundwater contamination has been defined by a site characterization report developed with extensive sampling of groundwater monitoring wells. The location of work likely to encounter contaminated soil is at the intersection of Oceanside Boulevard and Crouch Street. The remainder of the trench excavation extends uphill along Crouch Street, and is not likely to encounter contaminated soil.

As a part of the trench work, the City will retain the services of an environmental consultant to monitor the safety of working conditions where hazardous vapors might be a concern. Any contaminated soil will be hauled away with manifest tracking to a facility licensed for its disposal.

The cost of the trench work will be reimbursable to City with 20A funds. When bids for the construction work are opened, Sempra will review the bids with the City. If the bids prices are within Sempra estimates, the City will be able to award the contract for the undergrounding work with guaranteed reimbursement by Sempra.

City Responsibility

As with any 20A utility district, the City will pay for its own administrative costs to notify property owners, coordinate the conversion of service feeds to individual businesses; provide inspection and oversight of street construction and traffic control, and code upgrades for building service panels that are too obsolete for Sempra Utilities' use. (This applies to the old buildings across from Loma Alta Village.)

Sempra Responsibility

Sempra will provide a biddable design and cost estimate, and 100% funding except for the minor costs noted above. Sempra will contract for, or bring in its own crews to pull wires for the new underground service and to remove the overhead wires and wood poles. Sempra will also coordinate with cable and telephone utilities to get their overhead wires removed and converted to underground service.

FISCAL IMPACT

Sempra collects funds from its ratepayers for 20A conversion projects. The City's annual share is approximately \$465,000. The current balance of uncommitted utility allocation is approximately \$618,000 (2012 balance) plus \$465,000 (2013 allocation) for a total of \$1,083,000.

The current balance of account 101.3020.0001 (Undergrounding In-Lieu Funds) is \$488,000. The estimated total project cost is \$750,000. However, Sempra's cost for much of the construction (pulling conductors, removing overhead wires and poles) will not be a cost to the City because Sempra will contract for that work directly. Other construction costs, namely underground trenching and excavation, will be paid by the City and reimbursed by Sempra. Other relatively minor administrative costs and staff time will be charged from the project account with no expectation of reimbursement by Sempra. After reimbursement by Sempra, the City's net cost will be less than \$488,000.

The amount of reimbursement from Sempra will be determined when the utility completes its design work and prepares an agreement for the City to approve. For this reason, staff recommends appropriating the available funds into a new "Crouch Street Underground Utility District" project account, and deferring creation of the grant reimbursement account until the utility agreement (and final cost estimate), are completed by Sempra.

Staff will ask the City Council to appropriate funds when the District is amended to enable recovery of administrative and related costs.

COMMISSION OR COMMITTEE REPORT

An adhoc committee of the EDC reviewed the Crouch Street Underground Utility project on April 8, 2013, and approved the recommended action.

The Utilities Commission will review the same at its scheduled July 16 meeting.

CITY ATTORNEY'S ANALYSIS

The referenced documents have been reviewed by the City Attorney and approved as to form.

RECOMMENDATION

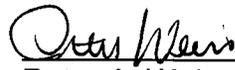
Staff recommends that the City Council adopt a resolution declaring the City's intention to amend the Oceanside Boulevard Underground Utility District to include Crouch Street and setting the date for the public hearing.

PREPARED BY:

SUBMITTED BY:



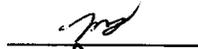
Gary Kellison
Senior Civil Engineer



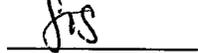
Peter A. Weiss
City Manager

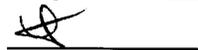
REVIEWED BY:

Michelle Skaggs Lawrence, Deputy City Manager
George Buell, Development Services Director
Scott O. Smith, City Engineer
Teri Ferro, Financial Services Director





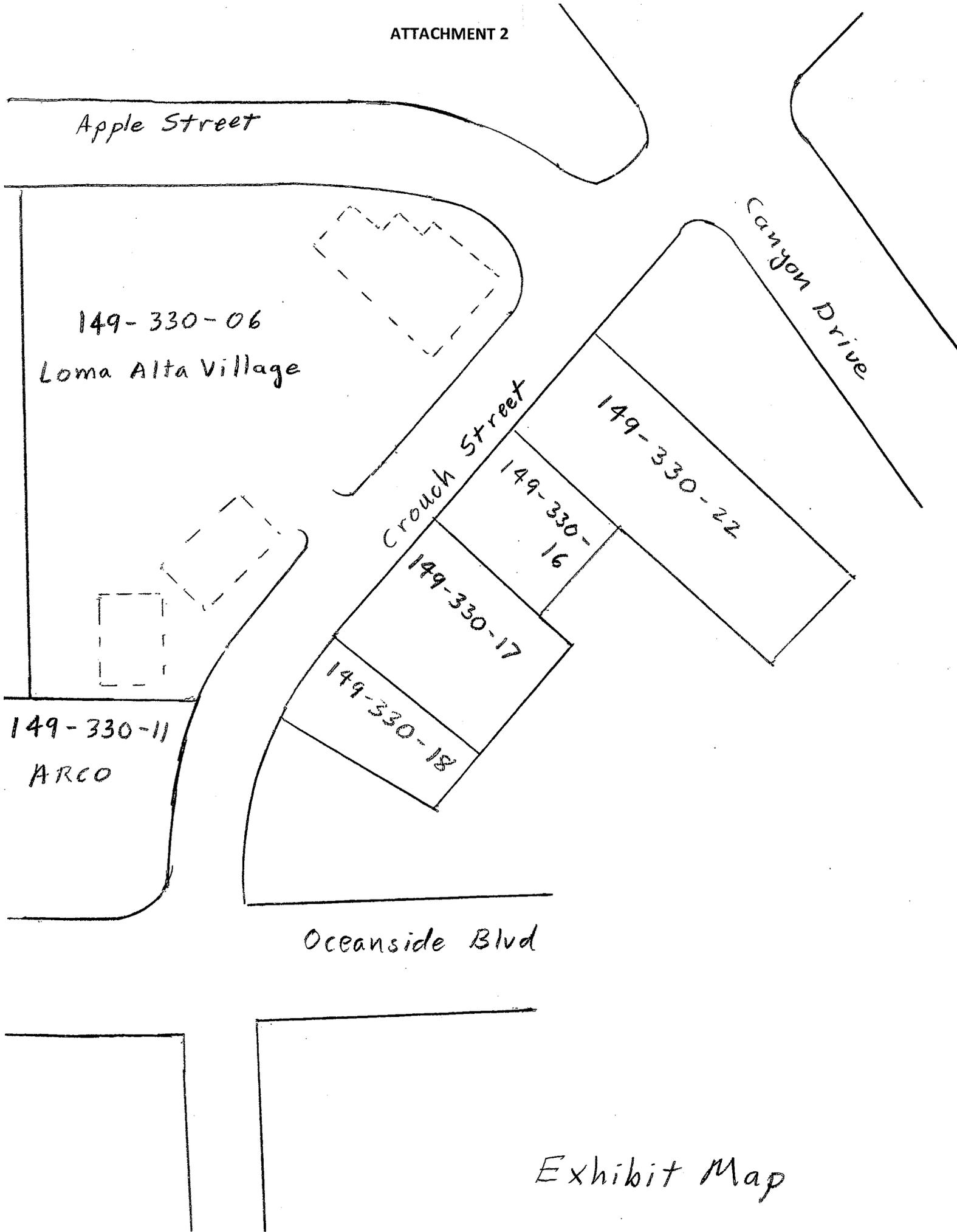




Attachment:

1. Resolution of Intent to Amend the Oceanside Boulevard Underground Utility District
2. Exhibit Map of Properties Added to the District
3. Property List

ATTACHMENT 2



Apple Street

149-330-06

Loma Alta Village

Canyon Drive

Crouch Street

149-330-22

149-330-16

149-330-17

149-330-18

149-330-11

ARCO

Oceanside Blvd

Exhibit Map

ATTACHMENT 3

149-330-06	DIVA INVESTMENT CORPORATION, 630 MAIN ST BRAWLEY CA 92227
149-330-11	KIM SONG U & KYUNG H 8770 BARNWOOD LN RIVERSIDE CA 92508
149-330-16	PREMIER PROPERTY MANAGEMENT L L C 1533 GLACIER RD OCEANSIDE CA 92056
149-330-17	PREMIER PROPERTY MANAGEMENT L L C 1533 GLACIER RD OCEANSIDE CA 92056
149-330-18	PREMIER PROPERTY MANAGEMENT L L C 1533 GLACIER RD OCEANSIDE CA 92056
149-330-22	ANGELINA ROSE LLC, 606 CROUCH ST OCEANSIDE CA 92054